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Approved For Release 2003/06/05 : CIA-RDP84-00780R002800160015-1

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DD/S 69-2304

10 MAY 1969

MEMORANDUM FOR: Executive Director-Comptroller

25X1

SUBJECT : Proposed Revision of [ ] Administrative Plans,  
Liquidation Plans, and Fiscal Annexes

REFERENCE : Memo dtd 26 Mar 69 for General Counsel fr IG, subj:  
Proposed Drafts of [ ]

25X1

1. This memorandum contains a recommendation for your approval  
in paragraph 5.

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2. During the coordination of the revision of [ ] there has been  
considerable disagreement about what the regulation should say regarding the  
relationship between Agency regulations and administrative plans. In referent  
memorandum the Inspector General proposed the following compromise phras-  
ing for the second sentence of subparagraph c.(5) of [ ] "An adminis-  
trative plan supersedes all Agency regulations, except this regulation and  
[ ] in the management of project instrumentalities, their internal  
activities and non-Agency employees." This phrasing was subsequently  
accepted by the General Counsel.

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3. I am disturbed by the implication that project instrumentalities  
are somehow "above the law", although I recognize that these instrumentali-  
ties cannot be required to follow procedures which are inconsistent with their  
character as non-Government entities. It is important to differentiate between  
Agency management of a project instrumentality and the internal management  
by the instrumentality of its own affairs, but this differentiation is not accomp-  
lished, in my view, by the statement that the applicable administrative plan  
"supersedes" Agency regulations.

4. To better convey the relationship which should be our goal in the  
management of project instrumentalities, I suggest the following phrasing  
for subparagraph c.(5): "ADMINISTRATIVE PLAN. An administrative plan  
is a supplement to the project outline which upon approval by appropriate

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authority constitutes the administrative framework within which the instrumentality is to operate. To that extent it replaces all Agency regulations, except this regulation and [ ] in the management of project instrumentalities, their internal activities and non-Agency employees. An administrative plan is required for all projects establishing and utilizing proprietaries, operational investments, funding and payrolling instrumentalities and controlled subsidies."

5. The adoption of the version of subparagraph [ ]  
quoted in paragraph 4 above is recommended.

UNITED STATES GOVERNMENT

R. L. Bannerman  
Deputy Director  
for Support

**CONCURRENCES:**

/s/Gordon M. Stewart  
Inspector General

May 26, '69  
Date

/s/Lawrence R. Houston  
General Counsel

26 May '69  
Date

/s/T. H. Karamessines  
Deputy Director for Plans

The recommendation contained  
in paragraph 5 is approved.

28 May 69  
Date

/s/  
L. K. White  
Executive Director-Comptroller

3 JUN 1969  
Date

ADD/S:JWC/ms (16 May 69)

**Distribution:**

Orig - Adse (Return to Chief, SES, via DD/S)

4 - ER

1 - IG

1 - General Counsel

1 - DD/S Chrono

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1 - DD/P

EXTRACT FROM PROPOSED [REDACTED]

25X1

July 67 "Pertinent Agency regulations apply except as modified by the administrative plan." (NOTE: The Proprietary Study Group added "pertinent" to the working draft prepared by Finance.)

Oct 67 OGC proposed return to language of existing [REDACTED]

25X1

Jan 68 DDP proposed, "An administrative plan is a supplement to the project outline which upon approval by the prescribed authority constitutes the administrative regulation for an instrumentality to be established or utilized under the project.", deleting all reference to regulations in the definition of an administrative plan.

March 68 Director of Finance proposed to OIG: "An administrative plan supercedes all Agency regulations except [REDACTED] in matters of the manner of exercising control over project instrumentalities and the conduct of their internal activities and wholly integrated personnel."

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March 68 OIG proposed to OGC: <sup>to that extent, it</sup> ~~"An administrative plan supercedes~~ <sup>replaces</sup> all Agency regulations, except this regulation and [REDACTED] in the management of project instrumentalities, their internal activities and non-Agency employees."

\* \* \*

Possible compromise language:

The administrative plan, which governs the conduct of the internal activities of the instrumentality, modifies pertinent Agency regulations except this regulation and [REDACTED]

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EXTRACT FROM PROPOSED [REDACTED]

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July 67

"Pertinent Agency regulations apply except as modified by the administrative plan." (NOTE: The Proprietary Study Group added "pertinent" to the working draft prepared by Finance.)

Oct 67

OGC proposed return to language of existing [REDACTED]

25X1

Jan 68

DDP proposed, "An administrative plan is a supplement to the project outline which upon approval by the prescribed authority constitutes the administrative regulation for an instrumentality to be established or utilized under the project.", deleting all reference to regulations in the definition of an administrative plan.

March 68

Director of Finance proposed to OIG: "An administrative plan supercedes all Agency regulations except [REDACTED] in matters of the manner of exercising control over project instrumentalities and the conduct of their internal activities and wholly integrated personnel."

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March 68

OIG proposed to OGC: "An administrative plan supercedes all Agency regulations, except this regulation and [REDACTED] in the management of project instrumentalities, their internal activities and non-Agency employees."

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\* \* \*

Possible compromise language:

The administrative plan, which governs the conduct of the internal activities of the instrumentality, modifies pertinent Agency regulations except this regulation and [REDACTED]

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UNCLASSIFIED CONFIDENTIAL SECRET

# STATINTL OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1			
2			
3	Mr. Coffey		
4			
5			
6			
	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE

Remarks: Status of Proposals on Administrative Plans

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Attached are copies of correspondence on subject proposals exchanged by OIG and OGC. [redacted] in providing the copies, also advised: (1) Representatives of O/F helped draft the language proposed in paragraph 1 of the IG memo. (2) OGC's adamance on the question of travel allowances means the matter must be resolved by Col. White. (3) OIG plans to prepare a statement of the issue to be resolved. The statement, which will give both sides as OIG understands them, will be taken to DDS, DDP and OGC for concurrence, then sent to Col. White. They hope to complete their action this week.

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OLD HERE TO RETURN TO SENDER	
NAME, ADDRESS AND PHONE NO.	DATE
712 Magazine	6 May 68
Chief, Regulations Control Branch, SSS	

S E C R E T

26 MAR 1969

MEMORANDUM TO: The General Counsel

SUBJECT : Proposed Drafts of [REDACTED]

25X1 1. Subsequent to our discussions concerning the provisions in the draft regulatory material, we have reviewed the questions with the other interested parties. On the primary issue, that of the effect of the administrative plan of an instrumentality on Agency regulations, we have the following to propose as a substitute for the second sentence of Section c.(5) of the draft of [REDACTED]

An administrative plan supercedes all Agency regulations, except this regulation and [REDACTED] in the management of project instrumentalities, their internal activities and non-Agency employees.

2. We have also reviewed Section 4.s. in the draft of [REDACTED] on the subject of Special Administrative Expense Policy. It is our feeling that formal regulatory material should state the normal Agency policy on this subject. The draft material provides elsewhere for special exceptions in the administrative plan, where justified. We would prefer to retain the language now in the draft.

25X1 3. In addition to the above, the Clandestine Service has proposed the following revision of the introductory portion of Section 2 of the draft of [REDACTED]

Properly approved support supplements set forth the provisions for special authorizations and management control of instrumentalities in the conduct of their affairs. They may modify specific provisions of Agency regulations, except that every administrative plan will include provision for compliance with [REDACTED]. They are designed to promote:

4. It is my understanding that these points constitute the only unresolved issues in the draft regulation and handbook. After you have had an opportunity to review them we can discuss them at your convenience.

/s/ Gordon M. Stewart

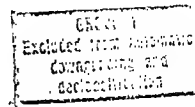
25X1 OIG [REDACTED]:lcp (25 Mar 69)

Distribution:

- Orig. & 1 - Addressee
- 1 - IG Subject
- ✓ 1 - IG Chrono
- 1 - SDB Chrono

Gordon M. Stewart  
Inspector General

S E C R E T





OGC 69-0815

30 April 1969

MEMORANDUM FOR: Inspector General

SUBJECT:



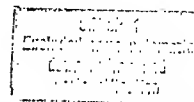
25X1

REFERENCE: 26 Mar 69 Memo fr IG for General  
Counsel, Same Subject

25X1 1. I believe the proposed revision of section c(5) of the draft of set forth in paragraph one of referent, is acceptable. We assume that non-Agency employees means all employees except Agency staff and contract employees.

2. With reference to the proposal set forth in paragraph three of referent, I understand that the intent of this would be to have travel allowances normally paid on Government standards rather than on an actual and necessary basis. If this is correct, I am compelled to object on the grounds which have been stated in previous submissions to you. We realize the provision is made for exceptions, but I have in mind the stated intent of members of the Study Group that all proprietary projects should conform with this regulatory material and that few or no exceptions should be allowed. There is apparently no question that standard business practice is to allow actual and necessary expenses. To me it makes no sense to go through the effort to establish a business entity to carry out Agency purposes, with all the attendant work on corporate structure, personnel, tax arrangements, etc., and then insist on an unnatural

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regulation on travel allowances. If there are abuses they can be controlled, just as theoretically we can control abuses which are equally possible under Government regulations. So it seems to me that the norm should be the business norm of actual and necessary expenses.

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LAWRENCE R. HOUSTON  
General Counsel

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